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Workforce 2000

Competing in a Seller's Market: Is Corporate America Prepared?

A Survey Report on Corporate Responses To Demographic and Labor Force Trends

Policy Research in the Public Interest
HUDSON INSTITUTE

Towers Perrin

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Tapping Into the National Consciousness: About the Survey

In 1987, the Hudson Institute published a groundbreaking study titled *Workforce 2000: Work and Workers for the 21st Century*. It documented some key demographic and labor force changes affecting the way America conducted its business and its ability to compete effectively in a global economy.

In glimpsing into this future, the study noted that the changes — from a decline in population growth rates, to shifts in the composition of the work force, to shortages of skilled labor — presented American business with both problems and opportunities. On the one hand, the report noted that "drastic reductions in the availability of qualified youth labor-force entrants may imperil the nation's competitive position." On the other hand, that same circumstance offers "a window of opportunity to integrate disadvantaged youth into the economic mainstream." Ultimately, the study concluded, "Business, labor, the schools and the nation will all need to reflect on how well they are positioned to meet the increasingly higher level of skills and education...required by the jobs of the future."

To see whether American businesses are indeed well-positioned to address the obstacles and opportunities confronting them, Towers Perrin and the Hudson Institute joined forces earlier this year on the largest survey of Workforce 2000 issues undertaken to date, sending a comprehensive questionnaire to senior human resource executives at companies across the country.

Through the survey, we wanted to gauge employers' level of concern about five critical human resource issues:

- the labor shortage
- the skills gap
- changes in the composition of the work force, triggered primarily by increases in the numbers of minorities and immigrants
- the increase in working women
- the "graying" of the work force.

Equally if not more important, we wanted to know in what ways employers were dealing with — or preparing to deal with — these potential roadblocks to their long-term business success, as well as with the shifting values of American workers and the changing structure of work.

Six hundred and forty-five organizations completed the questionnaire, perhaps in itself testament to the broad level of interest in the Workforce 2000 challenge. Although these organizations represent a cross section of American business in industry affiliation and location, it remains to be seen just how accurate a bellwether they will be. (See Appendices for details about the survey companies.) Nonetheless, we thank them for giving us some yardstick against which to measure our preparedness for change.

Redefining the Future: Key Findings

What our survey data reveal most clearly is that the workplace of the future is, to a great extent, already here. Indeed, just three years after publication of the Hudson Institute study — and popularization of the phrase "Workforce 2000" — it may be more apt to talk of Workforce 1990. For many of the employers in our survey group are already struggling with the implications of recruiting and managing a work force composed less and less of white American males.

Among our key findings:

- *The survey companies are literally in the midst of a sea change.* The average survey company's work force is already just about one-half female. Minorities now compose up to 20% of the work force at just under 60% of the survey companies and more than 26% of employees at almost a quarter of the survey group.

- *Most of the companies are aware of and concerned about their demographic destiny.* As might be expected, given the shifting racial and ethnic mix of employees at many of the survey companies, cultural diversity is the paramount worry for most organizations, with just under three-quarters of the respondents noting some level of management focus on the hiring and promotion of minority employees.

  Almost as prevalent is concern about the special needs of female employees, expressed by 68% of respondents. On the other hand, relatively few companies are concerned about the aging of their work force — even though age 40-plus employees make up about 35% of the work force, on average, at the survey companies.

The implications of competing in a seller's market for talent is also a key concern. Sixty-five percent of the respondents note that their senior management is concerned about impending shortfalls in the labor pool. For 36%, that level of concern is strong enough — even today — to shape management decisions and corporate strategy.

But worries about finding individuals to fill available jobs apparently have not yet sparked an equal level of concern about prospective workers' abilities to perform effectively on the job. Compared with the 65% reporting management concern about labor shortages, 42% of the survey respondents cite some level of management concern about a gap between the skills employees possess and those required to get the job done.

More telling, perhaps, 46% were either unable or unwilling to answer the question on management concern about skills mismatches. This high percentage of nonrespondents (more than three times that for any of the other questions relating to management concern about Workforce 2000 issues) may be indicative of just how unknown this particular territory remains for many companies. Their unfamiliarity with the issue appears great enough to discourage many from making any sort of determination about current or looming skills gaps.

- *Many companies are acting on their concerns — formulating new approaches to recruitment, for instance, and exploring different ways to structure the workday or week. But traditional solutions still largely hold sway.* The most prevalent approach to helping employees learn and improve skills, for instance, is tuition reimbursement, used by 78% of the survey companies. Just 8%, by contrast, undertake remedial training, although another 9% are piloting a remedial education program and 14% are planning to adopt one.

- *Recognizing where the problems lie doesn't necessarily lead to targeted solutions.* The most common reason for rejecting potential job candidates is inadequate writing or verbal skills. Yet, training — either before employment or on the job — doesn't yet appear to be a priority at many companies, if measured by monetary outlays. Two-thirds of the group spend less than $2,000 a year on any kind of training for entry-level new hires and many companies spend nothing at all.

- *New approaches to staffing and managing the "new" work force appear to be a function of top management support and need.* Support from the top seems to count strongly in giving human resource professionals the wherewithal to expand their efforts and, perhaps, experiment with leading-edge programs as well. For example:

  - Among organizations where concern about labor shortages is reflected in strategic plans, 42% recruit nontraditional workers (e.g., the handicapped or elderly) and 51% apply a marketing approach to hiring. By contrast, among those that have not yet translated concerns into specific plans, just 16% recruit from nontraditional sources and 35% "market" to prospective candidates.

  - Remedial education programs are more common at those companies whose strategic plans take into account skills gaps than at those that have not yet planned how to address skills mismatches. Thirty-eight percent of the former provide remedial training, compared with 16% of the latter.

Need plays a large role in sparking creative problem-solving, too. Companies that recruit heavily, for example, are more prone than others to move beyond conventional solutions. Those recruiting more than 300 entry-level workers a year are twice as likely to recruit outside their local area, build partnerships with educational institutions and use part-time workers than are companies recruiting less than 75 entry-level workers annually. Similarly, companies with a relatively large work force over age 40 are more likely to use retirees as consultants and for special projects than are companies with a smaller percentage of age 40-plus workers.

Workplace 1990: The Corporate Profile Today

Following stories of widespread downsizing — and significant layoffs on Wall Street and elsewhere — it's often hard to believe predictions that we're entering a period of labor scarcity. Yet few of our survey companies seem to be among the skeptics. They are already confronting shortages in some key areas and they're not expecting the situation to improve. Worse still, they perceive that the shortages will be most severe in precisely those categories that are among the largest segments of their current employee populations.

Exhibit 1 shows the median work force mix in the survey companies by employee category. Note that secretarial/clerical and professional workers make up two of the largest segments. *Exhibits 2a* and *b* show the percentage of respondents citing some or great difficulty recruiting for specific positions now and in the next five years. Note here that 53% of the group currently report some difficulty hiring for professional jobs, while 10% are experiencing great difficulty. Forty-four percent report some difficulty hiring secretaries and clerical workers at present and 11% find it very difficult to do so.

Most disturbing, perhaps, is the survey group's common perception that technical employees are, and will continue to be, the most difficult to recruit. These, along with professionals, are the so-called "knowledge workers" — whom some call "gold collar" employees because demand for them is expected to be so great that they will be able to name their own salaries and the conditions of their employment. Whether or not knowledge workers will have such bargaining power, our survey companies are clearly worried about hiring these important employees, especially over the next five years.

Exhibit 1
The Makeup of the Work Force*

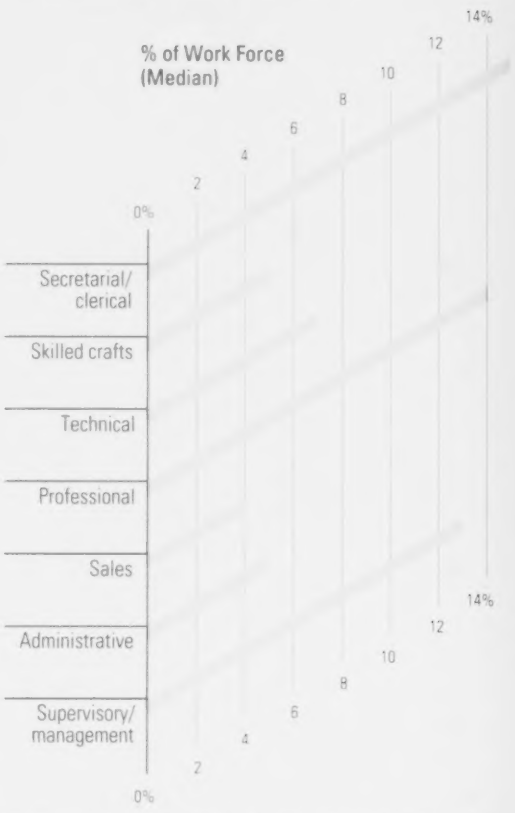
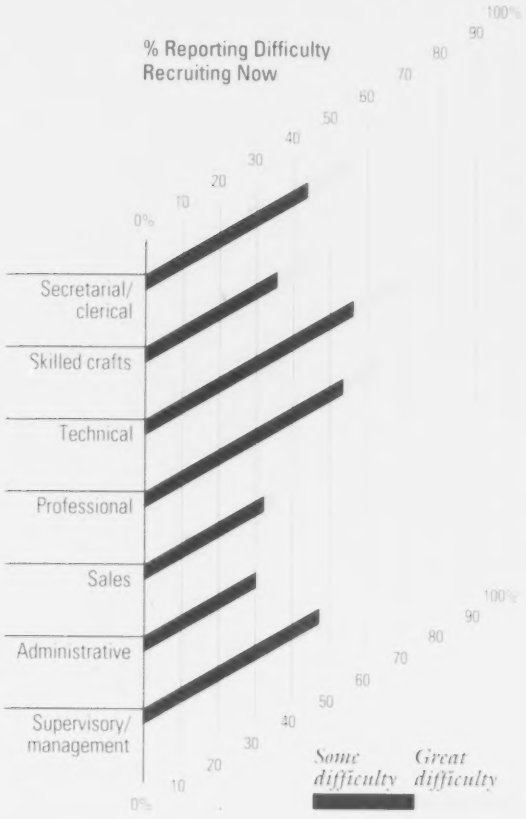


**Exhibit excludes percentage of employees classified in "other" category.*

When the respondents look ahead five years, in fact, their worries about scarcity increase across virtually all the employee categories. As Exhibit 2b shows, the percentage expecting great difficulty in recruiting more than doubles in every case over the five-year time frame.

Exhibit 2a
Where Shortages Are Being Encountered Today



Shortages, both current and projected, vary somewhat across the industry groups in the survey, as *Exhibits 3a* and *b* (pages 6 and 7) illustrate. All report some current difficulty recruiting in every employee category, although differences in the numbers of companies represented in each group make accurate comparisons problematic. Among the 71 health care organizations in the total survey population, however, recruitment of knowledge workers does appear to pose an especially significant challenge. The percentage citing great current difficulty recruiting professionals and technical employees is more than twice that for any other group and close to twice that over the five-year time frame.

Among the industrials, concern seems to focus most around the availability of skilled crafts and technical workers in the next five years. And service organizations appear most concerned about the longer-term outlook for recruiting secretarial, professional and sales personnel.

Exhibits 4a and *b* (pages 8 and 9) break down the survey group's expectations of shortages by region. Here, as shown, anticipation of shortfalls in the different categories doesn't vary much across the regions.

Exhibit 2b
Where Shortages Are Expected in Five Years

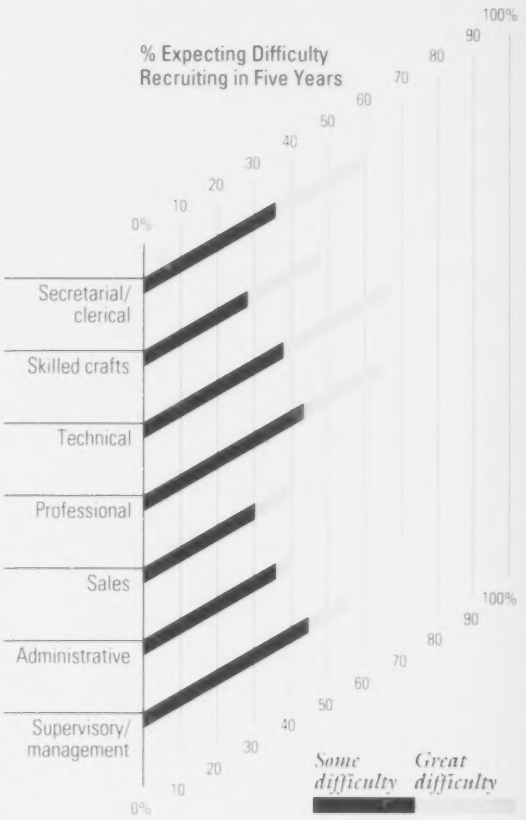
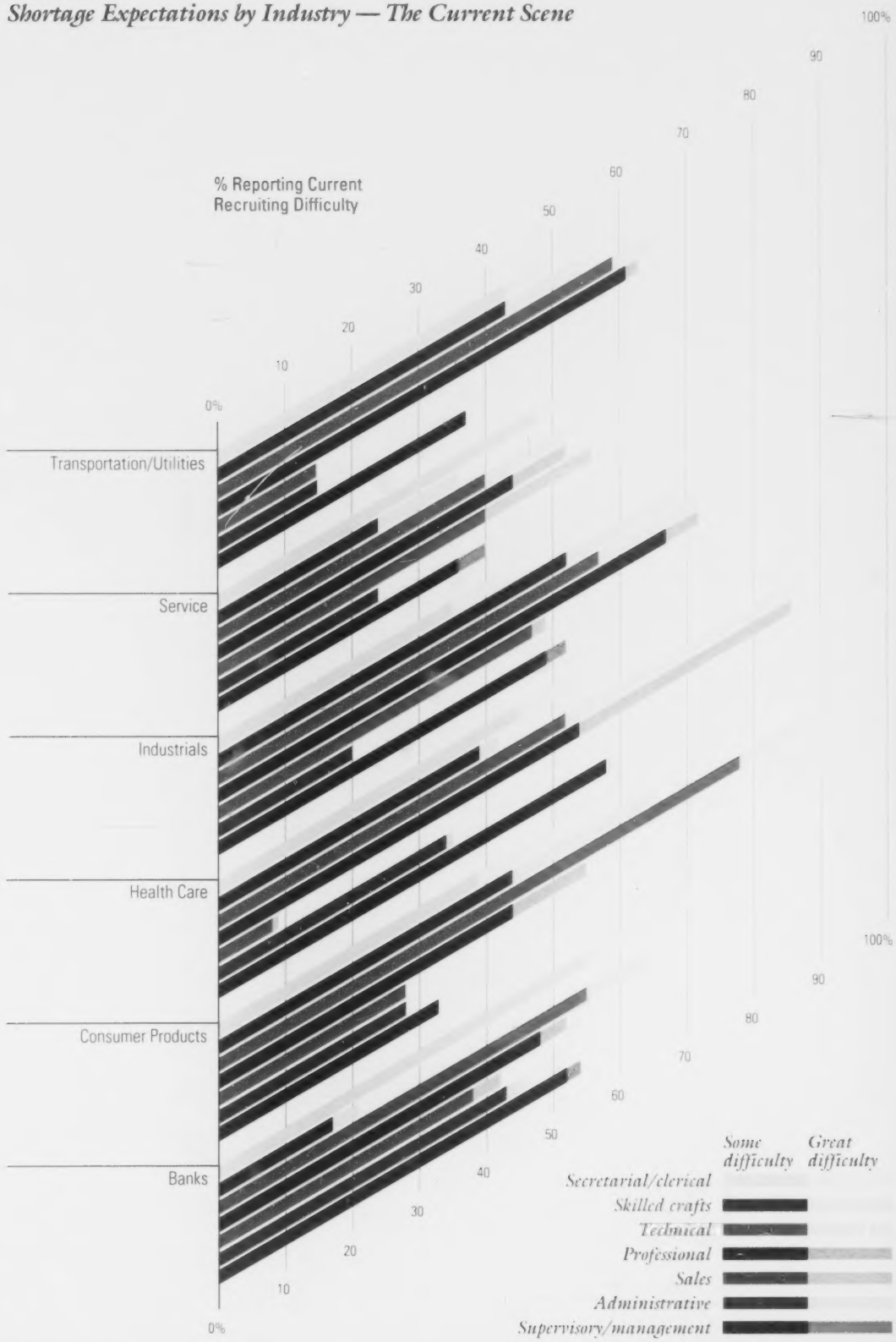
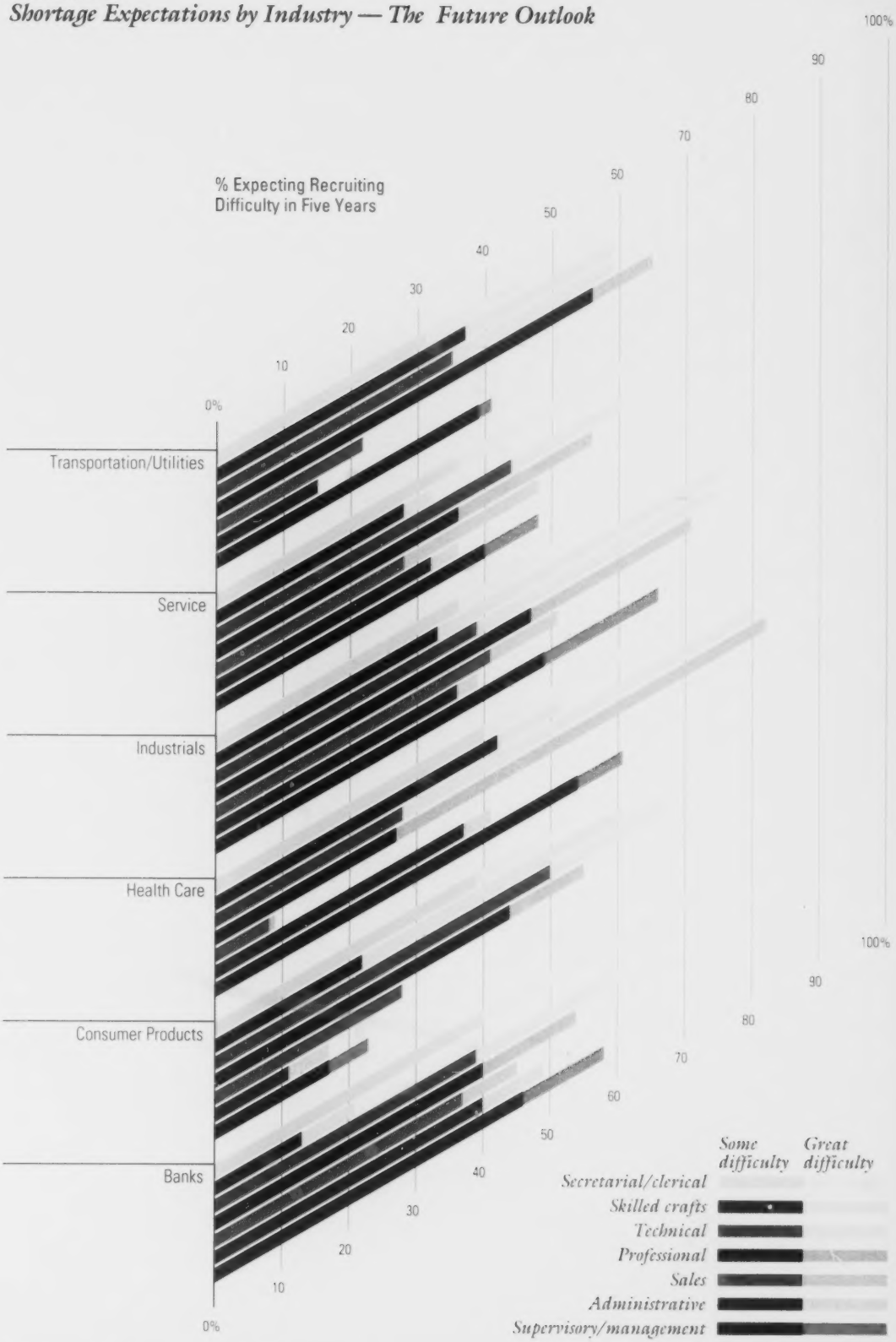


Exhibit 3a
Shortage Expectations by Industry — The Current Scene



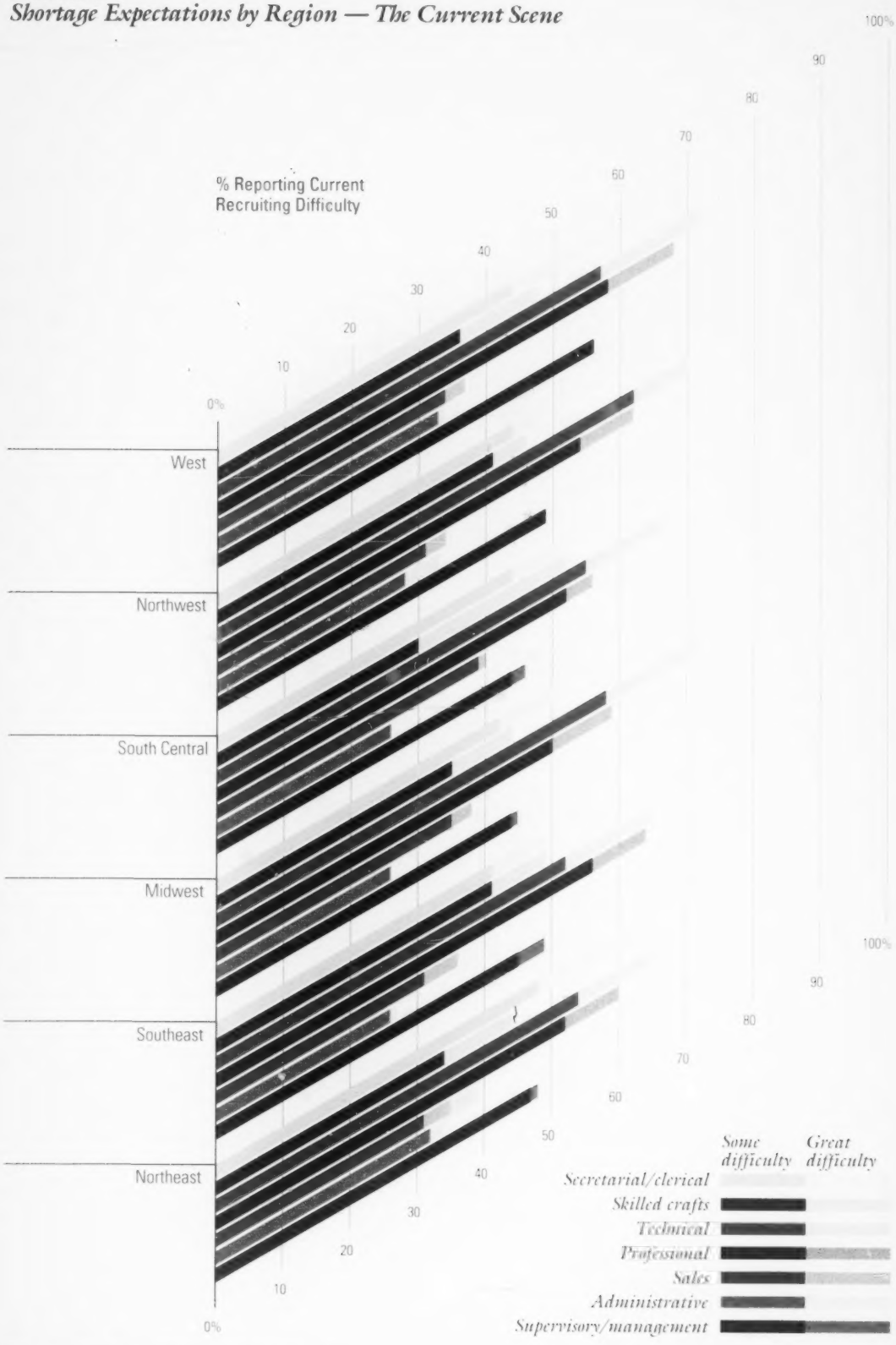
Note: In certain employee categories, there were no responses to the question about great *recruiting difficulty.*

Exhibit 3b
Shortage Expectations by Industry — The Future Outlook



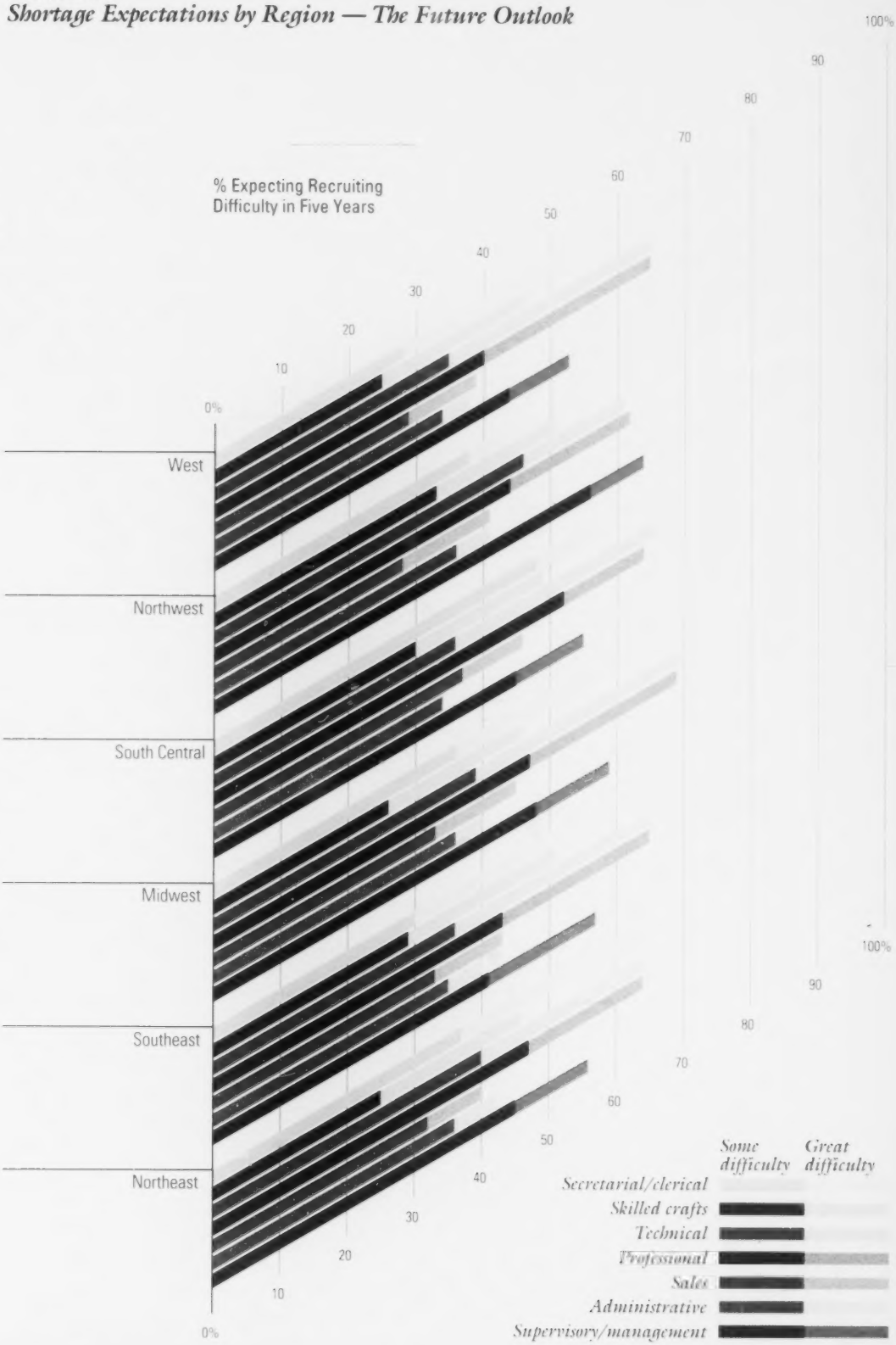
Note: In certain employee categories, there were no responses to the question about great recruiting difficulty.

Exhibit 4a
Shortage Expectations by Region — The Current Scene



Note: In certain employee categories, there were no responses to the question about great *recruiting difficulty.*

Exhibit 4b
Shortage Expectations by Region — The Future Outlook

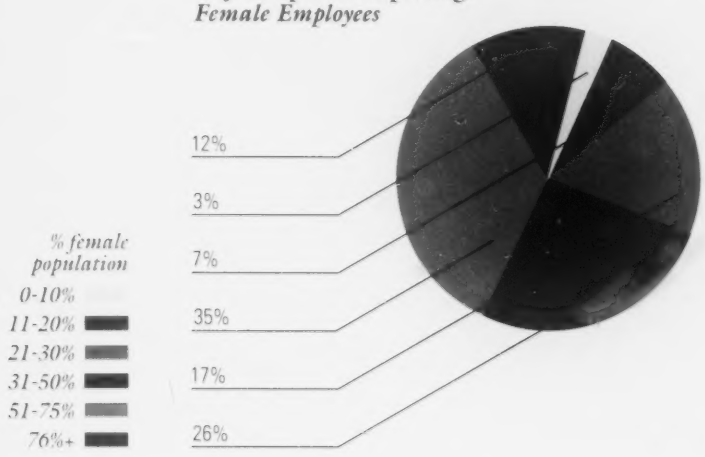


Note: In certain employee categories, there were no responses to the question about great recruiting difficulty.

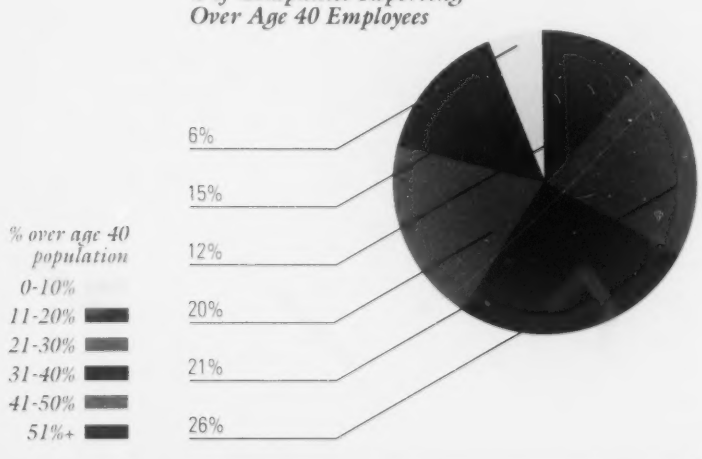
Exhibit 5
Who's on the Job

% of Companies Reporting Minority Employees

% of Companies Reporting Female Employees



% of Companies Reporting Over Age 40 Employees



Current recruiting patterns are not the only sign that Workforce 2000 can be aptly renamed Workforce 1990. Other demographic shifts are apparent as well in the survey group. *Exhibit 5* shows that diversity — by gender, race, ethnic background and age — is already a corporate fact of life for the survey companies.

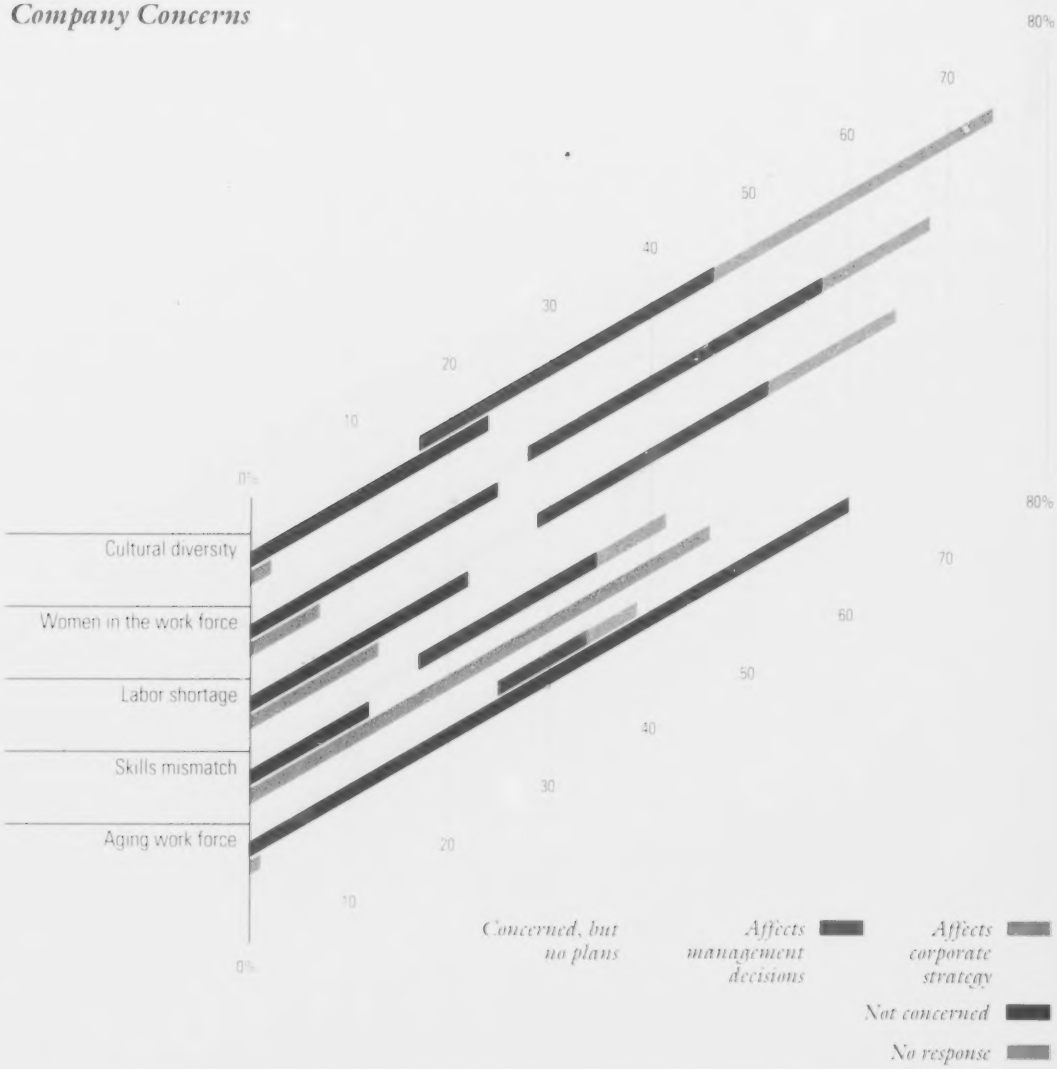
If it is true that our survey companies are already being affected by aspects of Workforce 2000, it's also true that recognition of the relevant issues — as measured by level of management concern — is fairly high. *Exhibit 6* shows just how high.

Not only are the survey companies particularly concerned about managing a diverse group of employees — as evidenced by the 74% citing concern about cultural diversity and the 68% zeroing in on managing women — they are also more likely to translate worry into policy in this area. More than half of those focusing on minority employment take this issue into account in management decisions and/or corporate strategy. And 40% of those concerned about the problems of working women say this concern shows up in management decision-making and strategic planning.

This may, of course, simply reflect employers' view of the urgency of these problems. But it may also be a function of greater experience and familiarity with these two issues. It's been quite some time since many employers could expect to manage a primarily white, male work force, especially below the managerial level. By contrast, only in the last few years, if at all, have companies bumped up against problems related to hiring shortages and inadequate skills among entry-level candidates.

Familiarity may also explain why the percentage of nonrespondents is higher in these two categories — dramatically so for skills mismatches — than in any of the other categories. While companies appear comfortable rating their level of concern about cultural diversity, women in the work force and even aging, they are clearly less comfortable defining their response to the challenge of recruiting from a limited pool of skilled talent. As shown, just a little under one-half of the entire survey group did not respond to the question soliciting level of management concern about skills mismatches. And overall, only about one-quarter cite concern levels great enough to give the issue prominence in management decision-making and strategic policy-setting.

Exhibit 6
Company Concerns



If the percentage who responded to a question is indeed indicative of familiarity with an issue, there is widespread awareness that the American work force is aging. Yet, that awareness does not appear to translate into concern. Sixty percent of the group say management is not concerned about the aging of their employee population. And among the 39% that express some concern, just 14% say that concern is taken into account in decision-making and strategy development.

This relatively low level of concern probably reflects more than a decade of corporate emphasis on early retirement. It simply may be too soon to expect companies to shift gears on this issue and begin to think in terms of encouraging later retirement. Moreover, while our companies have a reasonably large proportion of age 40-plus workers, the average retirement age of their employees remains 62. Only 1% report an average retirement age of 55, while 18% cite average retirement as between 56 and 60. And in at least 27% of the companies, employees don't retire, on average, until age 65 or later.

At present, 17% have some form of open window program and 4% are planning or considering opening such a window. In so doing, however, these companies may be encouraging the premature departure of an important part of their long-term work force — and putting themselves at an increased recruiting and staffing disadvantage five and ten years into the future.

From Concern to Action: How Companies Are — and Aren't — Meeting the Challenge

If the survey group is indeed a reasonable bellwether for American business generally, then organizations' readiness to manage the changing work force is mixed at best. In general, the areas where companies are devoting the most attention in terms of actual programs — recruiting, for instance — are not necessarily those where concern levels are highest. Again, comfort with an issue may have something to do with this.

What is clear is the importance of top management support in dealing with any of the issues. Both the prevalence of programs aimed at effective work force management — and the willingness to strike out in more innovative ways — rises significantly when top management is interested and involved. While support from the top often can ensure a bigger budget, that may not be the sole, or even chief, reason for differences in how companies approach these problems. Top-down support may also send a signal that the company wants and needs creative, professional, well-thought-out approaches to human resource management.

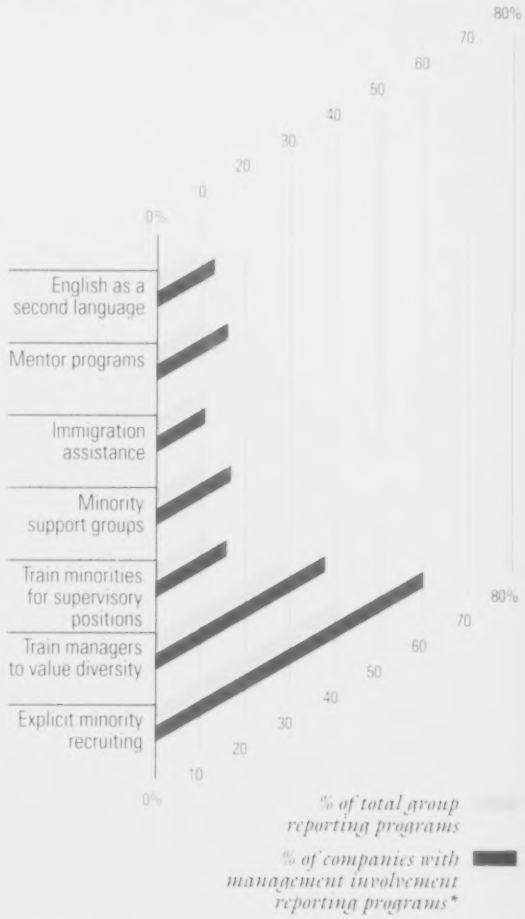
Managing Diversity

What's behind companies' strong concerns about work force diversity? Principally, they worry about supervisors' abilities to motivate diverse groups of employees; 55% of the companies cited this concern. Second is the difference in values and cultural norms, cited by 41%. Understandably, too, there is the challenge of communicating when multiple languages and differing cultural assumptions may be involved.

The level of concern about diversity, though, generally isn't matched by action in the form of developing specific human resource programs.

Exhibit 7 shows the prevalence of various programs aimed at managing a diverse work force for both the total group and for those companies reporting management involvement in the form of either decision-making or strategic planning.

Exhibit 7
Handling Cultural Diversity



** Management is deemed to be involved when it takes the issue into account in decision-making and strategic planning.*

The number of companies with programs aimed at addressing diversity issues is relatively small. And while the companies certainly know where the specific problems lie — inadequate supervisory abilities, for instance — this doesn't necessarily lead to targeted solutions. Just slightly more than one-quarter of the total group, for example, are taking steps to train supervisors to effectively manage a disparate group of employees.

Employers' hesitancy to take action in this area may have a lot to do with the sensitivity of the issue and their perceptions of tensions in the existing employee climate. One-quarter of the survey companies say that their corporate culture is not open to diversity, for instance, while 29% report that discrimination is a problem. And 15% say overt harassment of minorities is a concern.

While a substantial number of companies in both groups are doing explicit minority recruiting, less attention is being paid to programs that support new entrants once hired, even in the group where management support is strong. Relatively few in general use mentor programs or support groups, or provide language or immigration assistance. As management becomes more attuned to this issue, though, such programs may increase somewhat, as they appear to have in the companies that take diversity into account in decision-making and strategic planning.

Of Mommy Tracks and Glass Ceilings

Although companies have been struggling with issues relating to work/family conflicts for more than a decade — since women began to enter the work force in great numbers — their record of success is mixed. As *Exhibit 8* shows, more than one-third of the total group have programs aimed at easing conflicts — from child care referral systems to use of sick days for sick children to flexible spending accounts to allow more targeted and tax effective allocation of benefit dollars. Overall, though, the prevalence of leading-edge support structures remains low at present.

Exhibit 8
Dealing With Work/Family Conflicts

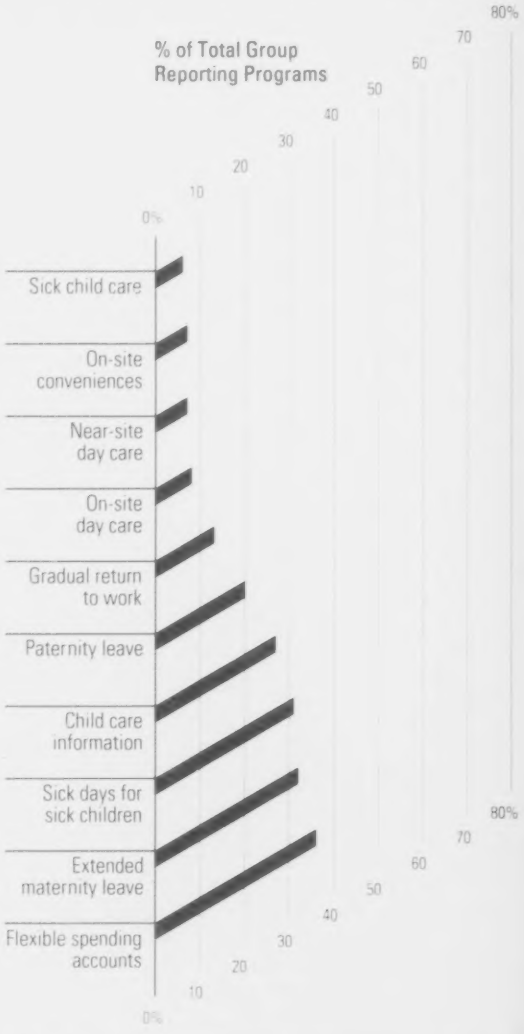
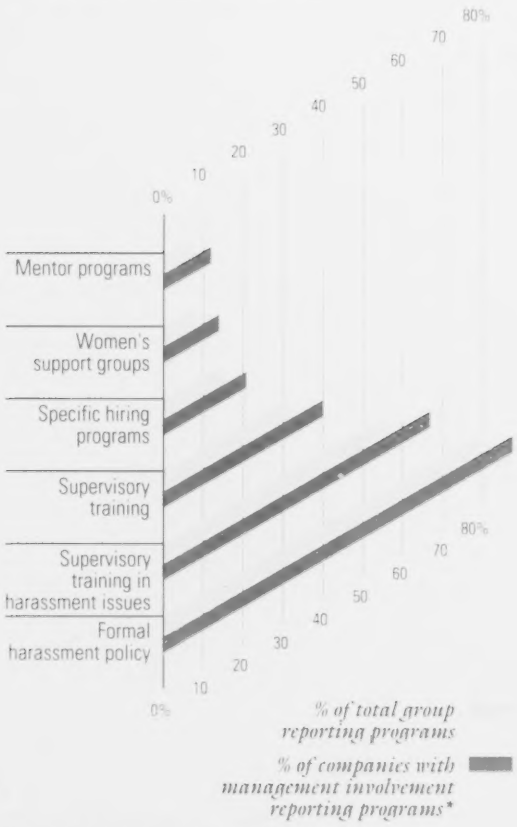


Exhibit 9
Helping Women on the Job



* *Management is deemed to be involved when it takes the issue into account in decision-making and strategic planning.*

But there are indications that this may be changing. Seven percent of the group report they are planning to install an on-site day care center, for instance, while 8% cite similar plans for near-site day care centers. Eleven percent indicate plans to adopt a child care referral system, and 7% and 4%, respectively, indicate plans to implement sick and emergency child care programs. (Under the former program, a company arranges for someone to care for a sick child, while the latter offers employees financial assistance in getting a substitute care-giver when their regular child care arrangement breaks down.)

Companies' efforts to support women professionally also vary. As *Exhibit 9* shows, while traditional efforts such as formal sexual harassment policies are very common, support groups, mentor programs and specific hiring programs for women are far less so. Again, though, management support does seem to make some difference, as the exhibit illustrates.

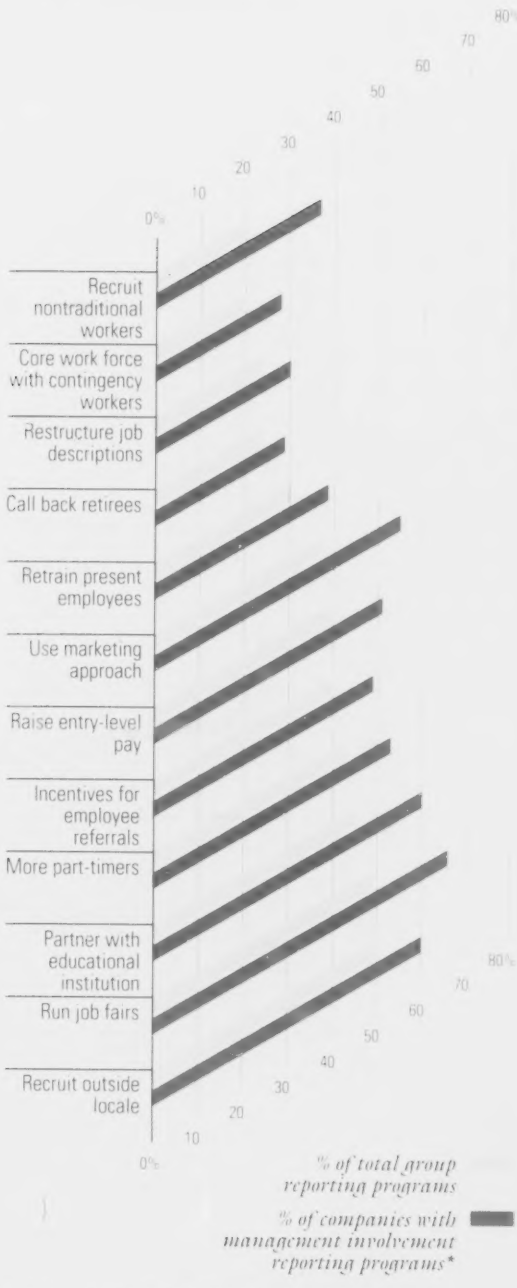
Of Recruiting and Training

Exhibit 10 shows the wide variety of approaches the survey companies use to ensure that they get the kind of employees they need. And while the most prevalent methods — running job fairs and recruiting outside the local area — are fairly traditional, a good number of companies are experimenting with such innovative approaches as recruiting nontraditional workers, callin back retirees and retraining present workers. As with responses to the other Workforce 2000 challenges, the prevalence of programs increases, dramatically in some instances, when top management focuses on the issue in decision-making and strategic planning.

Need counts strongly, too, in the number and kind of programs a company is likely to have. The greater the number of entry-level hires (and, presumably, the larger the company), the more likely a company is to try a variety of recruitment tactics.

Fifty-seven percent of the companies hiring more than 300 workers annually, for instance, use a marketing approach to recruiting, compared with 25% in the group hiring fewer than 75 employees annually. Partnering with educational and training institutions to find candidates is also far more common among companies that do significant entry-level hiring each year. Fifty-seven percent of those hiring more than 300 employees a year use this method, compared with 28% of companies hiring fewer than 75 employees a year.

Exhibit 10
Approaches to Recruiting



* *Management is deemed to be involved when it takes the issue into account in decision-making and strategic planning.*

Whether triggered by management interest or not, there are signs of an increasing focus on different approaches to hiring and staffing. While 20% currently have a strategy in place to support development of a core work force with contingency workers, another 11% are working on plans for this sort of two-tier work force.

Under such an arrangement, a company identifies a group of employees who remain "on call," available to work for as many days, weeks or months as needed to meet peak demand times. While this allows companies to avoid layoffs during business downturns, and is particularly useful for organizations in industries where business is cyclical, it does create a two-tier population. "Regular" workers enjoy relative job security, steady pay and benefits, while the group of on-call workers have little or no assurance they will remain employed when demand declines. Dealing with such a work force can pose special challenges for managers.

Nontraditional workers — the handicapped, elderly, displaced homemakers and so on — are also being targeted by some companies. Twenty-one percent of the total survey group report recruiting such individuals; that number rises to 42% among companies where management support for alternative recruiting approaches is reflected in strategic planning.

Recruiting is only one aspect of staffing, however. Finding employees who can do the job — or who can be trained to do the job — is increasingly a challenge, as literacy rates drop and employers find that more and more of their workers can't perform the tasks required by the position. Currently, for instance, at least one-half of the survey group hires more than 150 entry-level workers a year. To hire one such worker, 33% of the group screen between one and five candidates while 40% screen between six and ten candidates. Close to 60% of the group reject candidates most often because of inadequate writing and verbal skills. Thirty-six percent cite inadequate adaptation to the work environment; 10% report failure to pass medical or drug tests.

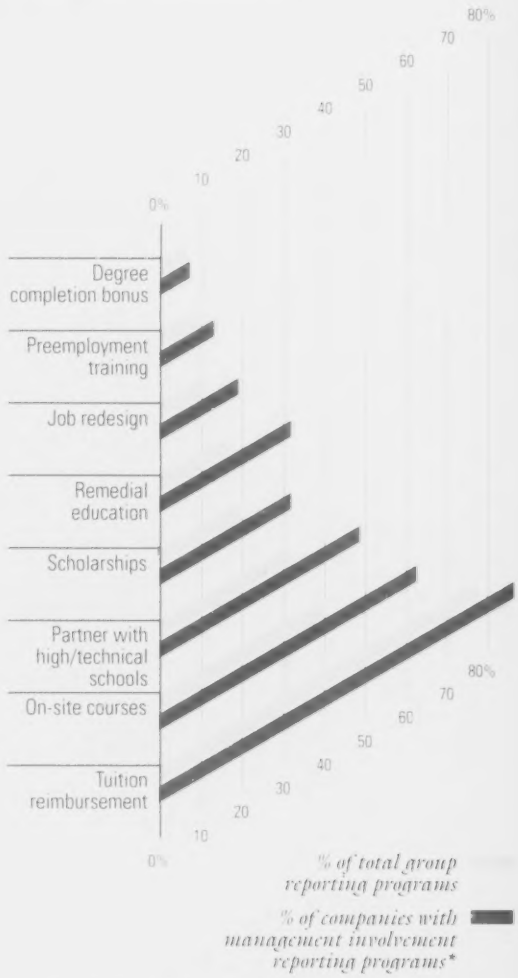
On average, 28% of these new hires are no longer with the company at the end of their first year of employment. Why? Typically because of unacceptable performance, followed by absenteeism and, again, inability to adapt to the work environment.

The high cost of turnover notwithstanding, most companies do not appear to be devoting significant financial resources to training. Just about 5% of the group spends more than $5,000 annually in classroom and on-the-job training for new employees in their first year, and the portion of the training budget devoted to remedial education is, on average, just 3%.

Again, however, there are some signs of change. While 17% currently have a remedial education program on a full-scale or pilot basis, another 14% plan to adopt one. Fifteen percent indicate development of plans to partner with schools for recruiting and training purposes while 6% say they are planning on-site courses for employees.

Exhibit 11 shows the prevalence of training programs for the total group and for those companies with strong management support for training. As shown, remedial education is more likely to be in place at companies in the latter group, as are programs such as preemployment training and scholarships to encourage completion of schooling.

Exhibit 11
Addressing the Skills Gap



** Management is deemed to be involved when it takes the issue into account in decision-making and strategic planning.*

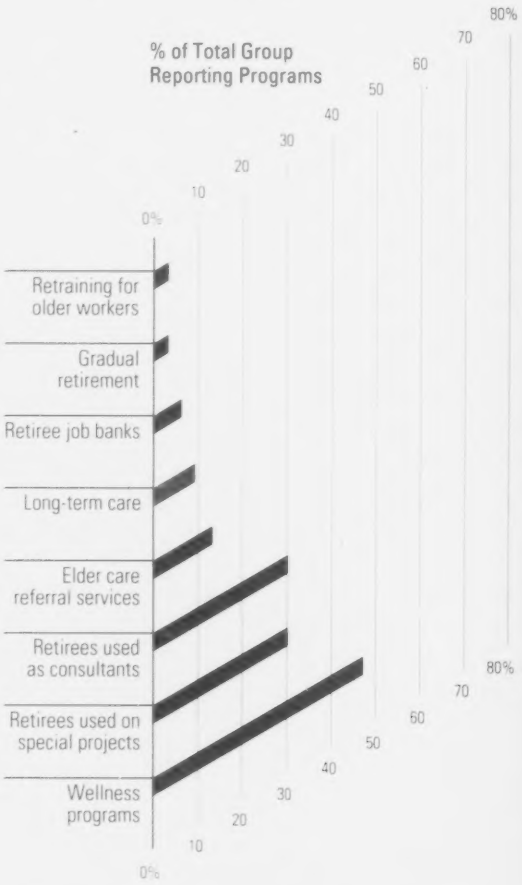
The 'Gray Drain'

In this one area, both level of concern and action appear to track closely; companies don't seem to be evincing much of the former, or doing much of the latter. *Exhibit 12* shows the prevalence of programs designed to support retirees and/or make more effective use of them in day-to-day work once they've given up their full-time jobs. While 30% of the survey companies use retirees on special projects, only 6% have formalized this by setting up retiree job banks and just another 5% indicate interest in such an approach. Interestingly, these figures don't change much, if at all, at those companies where senior management is focused on retiree issues (probably due to the small number of respondents in this category).

In light of recruiting difficulties — particularly related to skilled workers — companies may be missing an opportunity to tap into an already existing and capable resource — their own aging employees. Despite much press attention on the trend toward earlier retirement, some employees prefer to work well past age 65. Through use of innovative programs like rehearsal retirement — where employees get "a taste of the real thing" — companies may be able to secure the services of capable, experienced older workers for a longer period of time.

Making more selective use of early retirement incentives -- indeed, implementing delayed retirement incentives — plus special recruiting aimed at these people may help many companies get through the skills and labor shortage crunch. This may be especially true for organizations in such industries as manufacturing, chemicals and natural resources, where a good portion of the population is 40 or older.

Exhibit 12
Dealing With the Aging Work Force



Managing for Competitive Effectiveness

"Participation." "Empowerment." "Superteams." These words — seldom heard in the corporation of the 1950s and '60s — may well define the spirit of the 21st century organization. As more and more employers recognize, the "new" worker differs from his predecessors in fairly significant ways. He — or, just as likely, she — seeks challenge, stimulation and a fair degree of autonomy, all of which demand significant involvement in the job at hand. While this is particularly the case for knowledge workers — who will probably be more attracted to a company by the nature of the work and the working conditions than by pay and benefits alone — it increasingly characterizes workers on virtually all organizational levels.

A number of companies today, for example, are experimenting with such alternative working arrangements as self-managed work teams. And they are achieving impressive results on two fronts simultaneously: improving productivity and quality, often dramatically, and enhancing morale and company/employee relations. According to a recent *Fortune* article, for example, "General Mills says productivity in its plants that use self-managed teams is as much as 40% higher than at its traditional factories." Moreover, the article goes on to say, the company's "superteams...sometimes set higher productivity goals than management does." ("Who Needs a Boss," *Fortune*, May 7, 1990.)

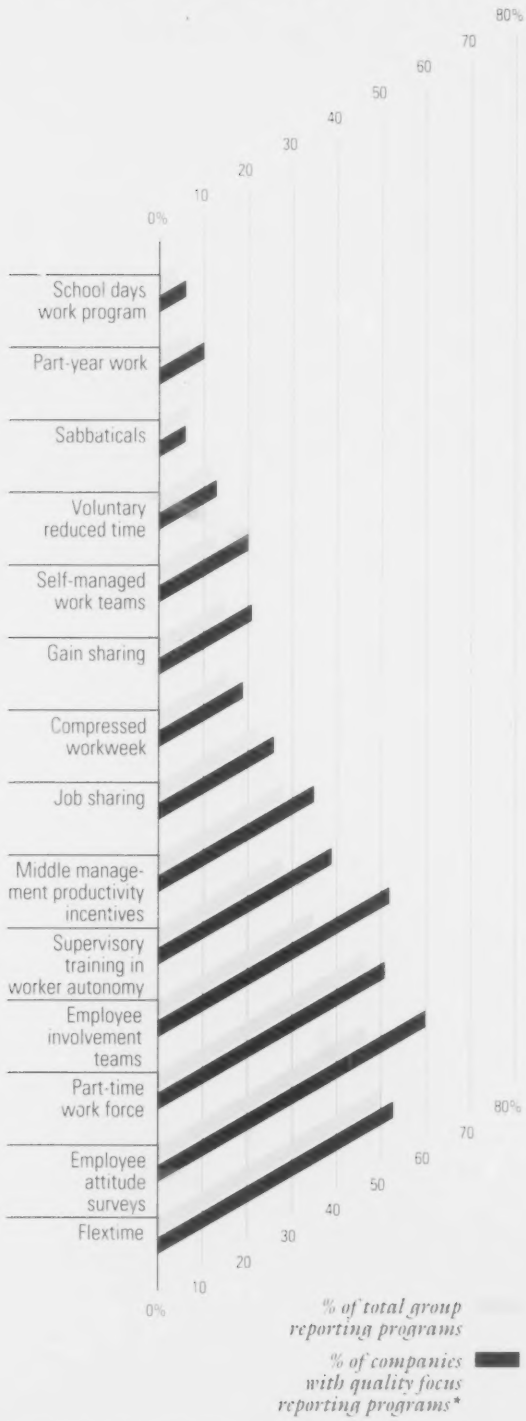
Results such as these are a compelling argument in favor of a change in work management techniques. And a number of our survey companies apparently agree, as 13% currently use some form of self-managed team, while another 4% plan to adopt this arrangement. Thirty-five percent have employee involvement teams on a full-scale or pilot basis, while another 7% are planning to use this technique. Twenty-eight percent currently teach supervisors how to promote greater worker participation and another 8% cite plans for implementing such a training effort.

In their efforts to remake the workplace, employers are also looking to programs that better support employees' need for time away from the office. Some programs, such as job sharing, parental leave or a school days workweek (where an employee works only on school days, during school hours), are designed primarily to help resolve conflicts between employees' family obligations and work responsibilities. Other programs, like sabbaticals and voluntary reduced time, give employees a break from the routine and the time to further their education or pursue outside interests and goals.

Exhibit 13 shows the prevalence of programs aimed at building a new working environment and management structure. In general, the most popular programs are those, like attitude surveys or flextime, that are not exactly "traditional," but do have something of a history. Companies' focus on increasing productivity and efficiency is also apparent in their use of performance-based pay arrangements. Fifteen percent have some form of a gain sharing program, under which employees share in incremental gains produced through the achievement of specified, quantifiable productivity or financial goals. And 28% now extend productivity incentives to middle managers. Also noteworthy is the fact that as much as a fifth of the entire survey group use some form of job sharing while 7% allow part-year work and 4% have a school days workweek.

Even more noteworthy is the increase in the number of employee involvement programs at those companies that have instituted a quality improvement program in which employees take part. Representing just over one-half of the entire survey group, these organizations make far greater use of programs fostering increased employee participation and somewhat greater use of other alternative work arrangements than do the survey companies as a whole.

Exhibit 13
Building a New Management Style



*Quality focus in this context is defined to mean existence of a quality improvement program that involves employees.

A Strategic Focus

Demographic realities are bringing human resource issues to the forefront of management consciousness. That seems clear from the high levels of management concern reported by our respondents. And there is growing recognition that the changes require a new style of management, one that places as much strategic emphasis on human resources as it does on financial or other resources.

This can be seen in the number of survey companies that are adapting their business strategy in one form or another to deal with shifting demographics. Many in the group still view the solution in a somewhat conventional fashion: increasing pay. And that may well be an answer for the short term. Fifty percent say they have increased salaries to attract and retain workers while 52% enhanced benefits for the same purpose. And 44% have implemented incentive programs — individual or group — to encourage productivity.

But companies are casting their strategic nets wider as well. Fifty percent have increased use of technology, automation and capital investment while 41% have reorganized work tasks to create greater labor efficiencies. And, in keeping with the new environment being created through alternative working arrangements, 41% say they have developed a more supportive culture to reduce turnover and enhance productivity. Eight percent have eliminated lines of business or markets and 15% have modified business objectives.

How effective these strategic initiatives will be remains to be seen. But if we can extrapolate from the experience of our survey companies, American business appears to be heading in the right direction — albeit slowly in many cases — creating a climate conducive to bringing out the best in the employees on whom its success ultimately rests.

Appendix A
Vital Statistics

Industry Affiliation

	*% of Respondents**
Financial Services	22%
Manufacturing	14%
Health Care	11%
Transportation/Utilities	8%
Services	4%
Consumer Products	3%

* The remaining 38% fall into various other categories, such as aerospace, chemicals, construction, education, natural resources and wholesale/retail trade.

Respondents' Size

	No. of Employees
75th Percentile	6,200
Median	1,953
25th Percentile	765

Respondents' Location

	*% of Respondents**
Northeast	31%
Southeast	18%
Midwest	24%
South Central	9%
West	13%
Northwest	2%

* The remaining 3% did not report location.

Appendix B
Survey Participants*

AIL Systems Inc.
AM Bruning
AM International, Inc.
Abington Memorial Hospital
Advanced Energy Industries, Inc.
Aetna Life & Casualty Co.
Affiliated Bankshares of Colorado, Inc.
Agway, Inc.
Alabama Power Co.
Albany Medical Center Hospital
Alexandria Hospital
Allied Van Lines
Allright Corporation
Amerada Hess Corporation
American Express Travel Related Services Co., Inc.
American Multi-Cinema, Inc.
Amerifirst Bank, a Federal Savings Bank
Amoco Corporation
Amsterdam-Rotterdam Bank N.V.
Amtrak-National Railroad Passenger Corp.
Amway Corporation
Anaheim Memorial Hospital
Anchor Savings Bank F.S.B.
Apple Bank for Savings
Applied Magnetics Corporation
Arcata Graphics Kingsport
Aritech Corporation
Army & Air Force Exchange Service
Asbury Methodist Village
Asea Brown Boveri, Inc.
Atlanta Gas Light Company
Atlantic Mutual Insurance Company
Audits & Surveys, Inc.

Banca Della Svizzera Italiana Ltd.
Banco Central of New York
Banco de Bogota Trust Company
Bank of the Philippine Islands
Bank of Tokyo Ltd.
Bank Western, a Federal Savings Bank
Baptist Hospital of Miami
Baptist Sunday School Board
Barnes Group Inc.
Bateman Eichler, Hill Richards
Bausch & Lomb
Bechtel Group, Inc.
Bell Atlantic Corporation
Bell Federal Savings & Loan Association
Beltone Electronics Corporation
Bethlehem Steel Corporation
Bic Corporation
Big Three Industries, Inc.
Bi-Lo, Inc.
Blue Cross & Blue Shield Association
Blue Cross & Blue Shield of Virginia
Board of Water Commissions, City and County of Denver
Boehringer Mannheim Corporation
Brandywine Hospital
Brookhaven National Laboratory
Bucks County Bank & Trust Company
Bureau of Engraving, Inc.
Burger King Corporation

CACI, Inc. — Federal
CF Industries, Inc.
CIGNA Corporation
COBE Laboratories, Inc.
CTS Corporation
California State Civil Service
Capital Holding Corporation
Carter-Wallace, Inc.
Case Western Reserve University
Central Fidelity Bank
Central Hudson Gas & Electric Corp.
Central Louisiana Electric Company, Inc.
Central Soya Co. Inc.
Century Furniture Co.
Certified Grocers of California Ltd.
Champion International Corporation
Charity Hospital of Louisiana at New Orleans
The Charlotte Observer
Chas Levy Company
Children's Hospital, Inc.
Children's Hospital Medical Center of Akron
Citibank
City of Glendale, California
City of Kansas City, Kansas
City of Miami Beach, Florida
City of Northglenn, Colorado
City of St. Louis, Missouri
Citytrust
Clackamas County, Oregon
Cole National Corporation
Commercial Federal Savings & Loan
Commtron Corporation
Community Mutual Savings Bank
Compaq Computer Corporation
Computer Sciences Corporation
ConAgra, Inc.
Concord Farms
Consolidated Edison Company of New York, Inc.
The Continental Corporation
The Continental Insurance Co.
Coors Brewing Company
Coulter Electronics, Inc.
Cranston Print Works Company
Creighton University
Cross & Trecker Corporation
Crown Central Petroleum Corporation

* *These are among the organizations that gave us permission to cite them as participants.*

Crum & Forster Corporation
Culp, Inc.
Cyprus Minerals Company

Daniel Flow Products, Inc.
Davis Industries Inc.
Days Inns of America, Inc.
Deere & Company
Dekalb Medical Center
Delaware County Memorial Hospital
Delaware North Companies, Inc.
Delmarva Power & Light Company
Deluxe Corporation
Denver Airport Sheraton
Detroit Edison Company
Digicon, Inc.
The Dime Savings Bank of New York F.S.B.
Donaldson, Lufkin & Jenrette, Inc.
Dowty R.F.L. Industries, Inc.
Du Pont Imaging Systems, Inc.
Duke University Medical Center
The Durham Herald Company

Echosphere/HTS
Ecolab Inc.
Elco Industries, Inc.
The Emory Clinic
Energen Corporation
Engelhard Corporation
Enron Corporation
The Equitable Life Assurance Society of the United States
Equitable of Iowa Companies
Esco Corporation
Essex Specialty Products, Inc.
Evangelical Health Systems
Evergreen International Aviation Inc.
Exxon Company, U.S.A.

Fairview Hospital and Healthcare Services
Federal Reserve Bank of San Francisco
Fidelity & Deposit Company of Maryland
Fidelity Federal Bank
Fifth Third Bank
Fireman's Fund Insurance Company
First American Corporation
First Commerce Corporation
The First National Bank of Chicago
First Security Bank
Fleetwood Enterprises, Inc.
Flexonics, Inc.
Florida Power Corporation
Florida Progress Corporation
W.A. Foote Memorial Hospital
Franciscan Health System of Dayton
The Franklin Life Insurance Company
The Franklin Mint

GCA Corporation
Garden City Osteopathic Hospital
Gardinier Inc.
Gay & Taylor, Inc.
Geisinger Medical Center
General Accident Insurance Co. of America
General Re Corporation
Geneva Generics Inc.
Genuine Parts Company
Georgia Gulf Corporation
The Glidden Company
Golden Corral Corporation
Great American Insurance Company
Griffith Laboratories, Inc.
The Guardian
Guest Services Inc.
Guilford of Maine, Inc.

Halifax Medical Center
Halstead Industries, Inc.
Hamot Medical Center
John H. Harland Company
Hartford Life Insurance Company
Health One Corporation
Helmerich & Payne, Inc.
Hennepin County, Minnesota
Heritage Communications, Inc.
Hershey Entertainment & Resort Company
Hershey Foods Corporation
Hillenbrand Industries, Inc.
Hilti, Inc.
Hitachi Data Systems
Hoechst Celanese Corporation
Hoeganaes Corp.
Home Federal Savings & Loan Association
Honeywell Inc.
Hook-SupeRx, Inc.
Hospital of the University of Pennsylvania
Household International, Inc.
Houston Northwest Medical Center
Hyster Company

ICH Companies — Dallas
IDS Financial Services Inc.
Illinois Power Company
Indiana Farm Bureau Cooperative Association Inc.
The Ingersoll Milling Machine Co.
Inman Mills
Intel Corporation
International Multifoods Corporation
Iomega Corporation
Iowa-Illinois Gas and Electric Company
Irwin Union Corporation

Jacobson Stores, Inc.
Jantzen, Inc.
Jefferson-Pilot Corporation
SC Johnson & Sons, Inc.
Jones Group, Inc.

Kaiser Electronics
Kaiser Foundation Health Plan of Ohio
The Kansas City Southern Railway Co.
Kellogg Company
The Krystal Company
Kulicke & Soffa Industries, Inc.

Lanier Worldwide Inc.
Lehigh University
Liberty Life Insurance Company
Little City Foundation
Long Island Jewish Medical Center
Long Island Lighting Company
The Long Island Railroad Co.
Long John Silver's, Inc.
Lord Corporation
Lotus Development Corporation
Louisiana Power & Light Co.
Lutheran Health Systems

MSI Insurance Company
Mack Printing Company, Inc.
MacMillan/McGraw-Hill School Publishing Company
Mahle Inc.
Maimonides Medical Center
Maritz, Inc.
The Marquardt Company
Marriott Corporation
Martin Marietta Corporation
Massachusetts Mutual Life Insurance Co.
Matthews International Corp.
McDermott Incorporated
McDonnell Douglas Space Systems Co.
The Medical Center, Beaver, Pennsylvania
Medtronic, Inc.
Mellon Bank N.A.
Melroe Company
Memphis Light, Gas and Water Co.
Menninger
Mercantile Bank of St. Louis N.A.
Merchandise National Bank
Merchants National Corporation
Meridian Bancorp, Inc.
Meritor Savings Bank
Merrill Lynch & Co., Inc.
Metropolitan Life Insurance Company
Metropolitan Transportation Authority
Michigan Consolidated Gas Co.
MidCon Corp.
Midway Airlines, Inc.
Minnesota Mutual Life Insurance Company
Mitsui Taiyo Kobe Bank
Moog Incorporated
J.P. Morgan & Co. Incorporated
Morristown Memorial Hospital
Morton F. Plant Hospital
Mount Sinai Medical Center

Nalco Chemical Company
Nashville Electric Service
National Bank of Kuwait
National City Bank
National Community Bank
National Medical Enterprises, Inc.
National Science Foundation
The National State Bank
Navy Federal Credit Union
New York City Transit Authority
New York Stock Exchange Inc.
Newbridge Securities Inc.
Newton-Wellesley Hospital
Nordson Corporation
Norrell Services Inc.
Nortek, Inc.
North Colorado Medical Center
Northern States Power Company
Northern Telecom Inc.
Northwest Airlines, Inc.
Northwestern National Life Insurance Co.
Norwalk Savings Society
Norwest Financial, Inc.

The Ohio National Life Insurance Company
Olin Corporation
Olivetti Advanced Technology Center, Inc.
Oppenheimer Management Corporation
Osborn Manufacturing

PHH Corporation
PPG Industries, Inc.
PQ Corporation
Pacific Power
PacifiCare Health Systems Inc.
Paramount Pictures Corp.
Paul, Weiss, Rifkind, Wharton & Garrison
Pawling Savings Bank
Penn Mutual Life Insurance Company
Pentair, Inc.
PepsiCo, Inc.
Petrolite Corporation
Philadelphia Electric Company
Piccadilly Cafeterias, Inc.
Pier 1 Imports, Inc.
Pillsbury Company
Pinellas County Government of Florida
Pitney Bowes Inc.
Pittsburgh Corning Corp.
Playboy Enterprises, Inc.
Portland General Electric Co.
Pottstown Memorial Medical Center
Pre Finish Metals
Preferred Risk Group
Presbyterian-University Hospital
Proctor Community Hospital
Progressive Corporation
Puget Power
Puget Sound Bank

Rabobank Nederland
The Record Bar, Inc.
Reliable Corporation
Reliance Group Holdings, Inc.
Resolution Trust Corporation for American Savings of Colorado
Rexnord Corporation
Rhode Island School of Design
Rival Manufacturing Company
Robbins & Myers, Inc.
Roche Biomedical Laboratories Inc.
Rochester Gas and Electric Corp.
Rochester General Hospital

Rockefeller Group, Inc.
The Royal Bank of Canada
Royal Insurance Company of America
Rural/Metro Corporation
Russell Corporation
Ryder System, Inc.
The Ryland Group, Inc.

SALLIE MAE
SSM Healthcare System
St. Agnes Medical Center
St. Luke's Regional Medical Center
Saint Vincent Hospital and Health Center
St. Vincent Hospital & Medical Center
Samaritan Health Services
Samaritan Hospital
San Diego Gas & Electric Company
San Francisco Federal Savings & Loan Association
San Francisco Newspaper Agency
Sanford C. Bernstein & Co. Inc.
Sara Lee Corporation
Sargent & Lundy
Sawyer Savings Bank
Schering-Plough Corporation
School Board of Broward County of Florida
Schwinn Bicycle Company
G.D. Searle & Co.
Service Corporation International
Servistar Corporation
Sewell Plastics, Inc.
Sharon Steel Corporation
Shaw's Supermarkets, Inc.
Shelter Insurance Companies
Signal Analysis Center
Silver Cross Hospital
Simmons Company
J.R. Simplot Company
Simpson Investment Co.
Sinai Hospital of Baltimore
Sioux Valley Hospital
Sirrine Environmental Consultants, Inc.
A.O. Smith Corporation
SmithKline Beecham
Smithsonian Institute
Snap-On Tools Corporation
Society Corporation
South Carolina National Corp.
South Georgia Medical Center
Southeast Bank, N.A.
Southern California Rapid Transit District
Southern States Cooperative
Southwest Missouri State University
Southwestern Public Service Company
Spencer Stuart & Associates
The Stamford Hospital
Star Banc Corp.
State Farm Insurance Companies
State Mutual Securities Trust
Statesman Group, Inc.
SunHealth Corporation
Super Valu Stores, Inc.
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Teacher's Insurance Annuity Association – College Retirement Equities Fund
Teknor Apex Company
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Tenneco Automotive
Tenneco Inc.
The Toro Company
Total Petroleum, Inc.
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Union Special Corporation
Union Texas Petroleum
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United Gas Pipe Line Company
United Methodist Publishing House
United Savings Association of Texas F.S.B.
United Services Automobile Association
United Technologies Automotive Inc., Engineered Systems Division
The University Hospital
University of Michigan Hospitals
University of Utah/University Hospital
University of Virginia

Valmont Industries, Inc.
The Variable Annuity Life Insurance Co.
Victory Memorial Hospital
Viking Freight Inc.
The Vons Companies, Inc.

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Washington Inventory Service
Welch's
Western & Southern Life Insurance Co.
Western Digital Corporation
Western Oceanic, Inc.
Westinghouse Electric Corporation
John Wiley & Sons, Inc.
William Beaumont Hospital
Wright State University

Xerox Corporation

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Zeigler Coal Company

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